

UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re:
SOUND HOUSING, LLC,

Debtor.

Bankruptcy Case No. 21-10341-MLB

Adversary Case No. _____

COMPLAINT

STUART HEATH, solely in his capacity as
Chapter 11 Post-Confirmation Trustee of the
Estate of SOUND HOUSING, LLC,

Plaintiff,

v.

NICOLAI BEREZANSKY, individually and on
behalf of his marital estate with VERONIKA
RUZIN; VERONIKA RUZIN, on behalf of her
marital estate with NICOLAI BEREZANSKY;
TSVETOMIR VALTCHEV, individually and
on behalf of his marital estate with JANE DOE
VALTCHEV; JANE DOE VALTCHEV on
behalf of her marital estate with TSVETOMIR
VALTCHEV; KUNAL GANDHI, individually
and on behalf of his marital estate with JANE
DOE GANDHI; JANE DOE GANDHI, on
behalf of her marital estate with KUNAL
GANDHI,

Defendants.

1
2 Plaintiff and Chapter 11 Post-Confirmation Trustee Stuart Heath alleges as follows:

3 **I. JURISDICTION AND VENUE**

4 1.1 Post-Confirmation Trustee Stuart Heath ("Trustee") is the duly qualified Post-
5 Confirmation Trustee of the estate of the above-named Debtor.

6 1.2 Defendant Nicolai Berezansky is a resident of King County, Washington. All
7 acts undertaken by Mr. Berezansky were done for the benefit of his marital community with
8 Veronika Ruzin.

9 1.3 Defendant Tsvetomir Valtchev is a resident of King County, Washington. All
10 acts undertaken by Mr. Valtchev were done for the benefit of his marital community with Jane
11 Doe Valtchev.

12 1.4 Defendant Kunal Gandhi is a resident of King County, Washington. All acts
13 undertaken by Mr. Gandhi were done for the benefit of his marital community with Jane Doe
14 Gandhi.

15 1.5 This adversary proceeding is one arising in the Chapter 11 case of the above-
16 named Debtor. This Court has jurisdiction under 28 U.S.C. §§ 157, 1334 and 11 U.S.C. §§
17 547, 550, 551 and the Order Confirming Plan at Dkt. No. 311. This matter has been referred to
18 the Bankruptcy Judges of this District pursuant to Local Civil Rule 87 of the Local Rules for
19 the United States District Court for the Western District of Washington.

20 1.6 This is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (F), (K) and (O).

21 1.7 Venue is proper under 28 U.S.C. §§ 1391 and 1409.

22 1.8 The Trustee consents to entry of a final judgment by the Bankruptcy Court.

23 **II. FACTUAL BACKGROUND**

24 2.1 Sound Housing, LLC filed for relief under Chapter 11 of the Bankruptcy Code
25 on February 19, 2021.

1 2.2 On July 12, 2017, Sound Housing, LLC executed a promissory note in the
2 amount of \$80,000 in favor of Defendant Valtchev.

3 2.3 On July 12, 2017, Sound Housing, LLC granted Defendant Valtchev a deed of
4 trust on real property located at 1811 SW 98th Street, Seattle, WA 98106 for purposes of
5 securing the \$80,000 promissory note.

6 2.4 On July 12, 2017, Sound Housing, LLC executed a promissory note in the
7 amount of \$150,000 in favor of Defendant Berezansky.

8 2.5 Under the terms of the July 12, 2017 promissory note, Defendant Berezansky
9 was to be granted a security interest in real property located at 1811 SW 98th Street, Seattle,
10 WA 98106.

11 2.6 On July 12, 2017, Sound Housing executed a promissory note in the amount of
12 \$70,000 in favor of Defendant Gandhi.

13 2.7 Upon information and belief, Sound Housing granted Defendant Gandhi a deed
14 of trust on real property located at 1811 SW 98th Street, Seattle, WA 98106 for purposes of
15 securing the \$70,000 promissory note.

16 2.8 On November 23, 2020, Defendant Valtchev was given a new \$80,000 note,
17 which expressly provided that it did not replace the July 12, 2017 note, but merely amended it.

18 2.9 In other words, Defendant Valtchev did not loan new money on November 23,
19 2020.

20 2.10 On November 23, 2020, Defendant Valtchev was also granted a deed of trust in
21 real property located at 1800 18th Ave. S. (the “Valtchev Transfer”).

22 2.11 On November 23, 2020, Defendant Berezansky was given a new \$150,000 note,
23 which expressly provided that it did not replace the July 12, 2017 note, but merely amended it.

24 2.12 In other words, Defendant Berezansky did not loan new money on November
25 23, 2020.

1 2.13 On November 23, 2020, Defendant Berezansky was also granted a deed of trust
2 in real property located at 1800 18th Ave. S. (the “Berezansky Transfer”).

3 2.14 On November 23, 2020, Defendant Gandhi was given a new \$70,000 note,
4 which expressly provided that it did not replace the July 12, 2017 note, but merely amended it.

5 2.15 In other words, Defendant Gandhi did not loan new money on November 23,
6 2020.

7 2.16. On November 23, 2020, Defendant Gandhi was also granted a deed of trust in
8 real property located at 1800 18th Ave. S. (the “Gandhi Transfer”).

9 2.17 On December 3, 2020, Valtchev executed a request for full reconveyance on the
10 deed of trust on the 1811 SW 98th Street, Seattle property.

11 2.18 Upon information and belief, Defendants Berezansky and Gandhi also executed
12 requests for full reconveyance on their deeds of trust on the 1811 SW 98th Street, Seattle
13 property.

14 2.19 As reflected in the settlement statement for the December 3, 2020 closing of the
15 1811 SW 98th Street, Seattle property, no money went back to Sound Housing, with the
16 possible exception of \$5,178, which went to Dimension Law Group (assuming Dimension Law
17 Group represented Sound Housing, LLC).

18 2.20 On December 13, 2022, the Court entered its Order Confirming Plan (Dkt. No.
19 311).

20 2.21 Pursuant to Article VII.B of the Trustee’s Fourth Amended Plan of Liquidation,
21 all rights, claims and causes of action were reserved for and assigned to the post-Confirmation
22 Debtor, including all causes of action under Sections 547 and 550 of the Bankruptcy Code.

23 2.22 Article X of the Trustee’s Fourth Amended Plan of Liquidation provides that the
24 Bankruptcy Court shall hear and determine any action brought by the Post-Confirmation
25 Trustee seeking to avoid any transfer of an interest of the Debtor in property.

1 **III. FIRST CAUSE OF ACTION – 11 U.S.C. § 547**

2 3.1 The Trustee re-alleges paragraphs 2.1 – 2.22 as if fully incorporated herein.

3 3.2 The Valtchev Transfer, Berezansky Transfer, and the Gandhi Transfer were
4 transfers: to or for the benefit of creditors; for or on the account of antecedent debts owed by
5 Sound Housing, LLC before the transfers were made; made while Sound Housing, LLC was
6 insolvent; made on or within 90 days before the date of the filing of Sound Housing, LLC's
7 bankruptcy petition; that enables the Defendants to receive more than they would receive if the
8 case were a cause under Chapter 7, the transfers had not been made, and such creditors received
9 payment of such debt to the extent provided by the provisions of Title 11 of the United States
10 Bankruptcy Code.
11

12 3.3 The Valtchev Transfer, Berezansky Transfer, and the Gandhi Transfer are
13 preferential transfers and avoidable by Plaintiff pursuant to 11 U.S.C. § 547.
14

15 **PRAYER FOR RELIEF**

16 WHEREFORE, the Trustee prays for judgment as follows:

- 17 i. Avoiding the transfers alleged herein.
- 18 ii. Attaching of any proceeds of the preferential transfers.
- 19 iii. Judgment of amounts to be proven at trial.
- 20 iv. In accordance with 11 U.S.C. § 551, any and all transfers avoided herein shall be
21 preserved for the benefit of Sound Housing, LLC.
- 22 v. For such other relief as this Court deems just in the premises.
23

24 Dated this 16th day of February, 2023.
25

/s/ Manish Borde
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Attorney for Trustee

1 CERTIFICATE OF SERVICE

2 I hereby certify that on February 16, 2023, I electronically filed the foregoing with the
3 Clerk of the Court using the CM/ECF system which will send notification of such filing to all
4 attorneys who have appeared in the case.

5
6 DATED this 16th day of February, 2023
7

8
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